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ZNR UUUUU ZZH
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RUEHMO/AMEMBASSY MOSCOW IMMEDIATE 0833
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 4989
RUEHOT/AMEMBASSY OTTAWA IMMEDIATE 5307
RUEHFR/AMEMBASSY PARIS IMMEDIATE 4720
RUEHSA/AMEMBASSY PRETORIA IMMEDIATE 4634
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RUEHNZ/AMCONSUL AUCKLAND IMMEDIATE 0934
RUEHSO/AMCONSUL SAO PAULO IMMEDIATE 0475
INFO RUEHUNV/USMISSION UNVIE VIENNA PRIORITY 5022

UNCLAS SECTION 01 OF 04 STATE 057105

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E.O. 12958: N/A

TAGS: [AORC](#) [ENRG](#) [IAEA](#) [KNNP](#) [PREL](#) [UN](#)

SUBJECT: DEMARCHE ADVOCATING INCREASE IN IAEA BUDGET

REF: A. UNVIE 227 B. STATE 48677 C. UNVIE 201

11. SUMMARY AND ACTION REQUEST: The United States supports a significant real increase in the budget of the International Atomic Energy Agency (IAEA) to strengthen its capabilities to prevent the spread of nuclear weapons and prevent nuclear terrorism. Post is requested to demarche host government at senior levels to support a significant real increase in the IAEA regular budget for 2010-2011, which is currently being negotiated in Vienna by Board member states. (Note: The U.S. position is to support an increase of up to 9.5 percent.) Post may draw on the background and points in paras 3-10 and the non paper in para 11 to achieve the objectives in para 2. Post is requested to report response by June 5. END SUMMARY AND ACTION REQUEST.

12. OBJECTIVES:

-- Persuade key IAEA Member States to support a significant real increase in the regular budget of the International Atomic Energy Agency.

-- Ensure that this increase is consistent with U.S. priorities in international safeguards (verification of nonproliferation), nuclear security (combating nuclear terrorism), and safety (of facilities and materials).

-- Emphasize to G-77 countries that nuclear security is an important global priority that is integral to the IAEA's mission and does not conflict with G-77 priorities.

13. Background: The U.S. argued for a significant real increase above zero growth during the meeting of the IAEA Program and Budget Committee (PBC) April 27-28. The U.S. position is to support an increase of up to 9.5 percent. Some European countries, however, are insisting on a budget much closer to zero real growth. The G-77 countries have shown more flexibility toward an increase, but continue their strong opposition to the U.S. priority of moving costs associated with the management of nuclear security into the regular budget. The budget is normally approved at the June 15-19 Board of Governors meeting.

Points for Western Countries (Germany, Switzerland,

Australia, Ireland, Finland, UK, Spain, Canada, France,
Japan, New Zealand)

¶4. Many Geneva Group and European countries have opposed DG ElBaradei's proposal to increase the IAEA budget. This posture does not square with the leadership many of these countries have shown on non-proliferation and in support of IAEA programs for nuclear security, safety and safeguards.

¶5. Although we recognize that a substantial increase during this time of fiscal constraint presents challenges for many of us, the programs that we value most are in need of additional resources if they are to be implemented effectively. In addition to carrying out several high-profile investigations of real and suspected safeguards non-compliance, the Agency's day-to-day responsibilities are growing significantly faster than its resources. The IAEA's Safeguards Analytical Laboratory is a critical part of its safeguards system and can no longer be sustained without significant new capital investments.

¶6. By preventing the access by criminals and terrorists to nuclear material, the IAEA's nuclear security programs are a critical element of the international response to the threat of nuclear terrorism. These programs depend too much on voluntary contributions, which are subject to donor

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constraints and are inherently uncertain. This over-reliance therefore threatens the IAEA's ability to maintain critical staff, plan effectively, and respond flexibly to the needs of Member States. In order for these programs to remain strong, the staff who manage them need to be funded through the regular budget.

¶7. The U.S. urges the other major contributors to take a more long term, strategic view of the IAEA and its mandates. We ask that these countries be open to discussing programmatic priorities at the Agency and how best to adequately resource them. Given the international community's reliance on the Agency for legitimacy and technical support in verifying and monitoring rogue states and clandestine nuclear programs, we believe a budget increase is justified.

POINTS FOR G-77 COUNTRIES

¶8. Additional background for G-77 countries (a group of 132 developing countries) including Argentina, Brazil, India, Mexico, and South Africa: The G-77 and China showed some flexibility toward an increase, but continued their strong opposition to mainstreaming nuclear security by moving it into the regular budget. However, many G-77 countries benefit from nuclear security activities.

¶9. Some have argued that nuclear security is not a core statutory function of the IAEA. Brazil, Argentina and Egypt have been particularly vocal in this regard. We disagree. Nuclear security is an essential enabling factor for the IAEA's core mission, "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity." UNGA resolution A/RES/60/288 of 2006 encourages the IAEA to continue its efforts to help States build capacity to prevent terrorists from accessing nuclear, chemical or radiological materials and to ensure security at related facilities.

¶10. Over 60 countries) many of them developing countries - have indicated an interest in developing nuclear power programs. They require support from the global community to ensure that nuclear power programs are safe from risks of accidents, secure from criminals and terrorists, and will not contribute to the spread of nuclear weapons. The IAEA is the only international organization with the tools and the

mandate to provide the necessary training, guidance and advice to put in place effective infrastructures for nuclear power. The United States supports the IAEA's activities in infrastructure development, and sees incorporating funding the management of nuclear security into the IAEA's regular budget as an essential step to make those efforts effective in meeting the needs of all Member States.

POINTS FOR RUSSIA, CHINA AND INDIA

¶11. Three of the largest and most important IAEA Member States, Russia, China and India, have remained virtually silent in discussions of the IAEA Budget, although China and India are nominally aligned with the position of the G-77 plus China. These three should be encouraged to play a leadership role in bridging differences among member states and helping build consensus within the IAEA Board of Governors.

POINTS FOR THE P-5, JAPAN AND GERMANY

¶12. We have worked together to respond effectively to the proliferation challenges in Iran and North Korea. The IAEA has a critical role to play in those processes, and it is essential that we show our support for that role. We can do this both by supporting the Agency's nonproliferation role

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and by working to strengthen international consensus by addressing the priorities of all IAEA Member States.

POINTS FOR ALL POSTS

¶13. Though our priorities may differ, we share a commitment to the essential role of the IAEA in promoting peaceful uses of nuclear energy while safeguarding against proliferation and ensuring safety and security worldwide. Let us honor that commitment by working together in a spirit of mutual respect toward a realistic consensus on a reasonable but significant increase in the IAEA's budget.

¶14. BEGIN TEXT OF NON PAPER:

The Administration believes the International Atomic Energy Agency (IAEA) needs an increase in resources to better meet its mandates. Chief among these are ensuring that civil nuclear facilities and materials are not diverted to military uses and are secure against theft or seizure for terrorist purposes. The U.S. supports a significant real increase in the IAEA regular budget to strengthen IAEA capabilities and support its missions, which are growing in scale and complexity as more nations rely on nuclear applications for energy and human well-being.

Safeguards: IAEA implements a system of safeguards agreements to ensure that nuclear programs are not used for nuclear weapons purposes. IAEA safeguards provide assurances not only that nuclear material is not diverted from known facilities, but also of the absence of undeclared nuclear activities. The U.S. supports strengthening the Agency's ability to provide credible assurances that States are complying with their safeguards obligations. Along with the high-profile special investigations of NPT non-compliance, which are done on an ad hoc basis, the IAEA's day-to-day safeguards responsibilities are growing significantly faster than its resources.

Security: The United States encourages countries to support nuclear security to ensure nuclear materials are not accessible to terrorists. Currently, IAEA relies almost entirely on voluntary contributions from a few Member States; however, the U.S. believes that funding the management of

nuclear security through the regular budget would make program delivery more effective and efficient. Notwithstanding, extra-budgetary funding will still be required in order to carry out the majority of nuclear security activities. Contrary to arguments that nuclear security is not an IAEA core statutory function, the U.S. sees nuclear security as an essential enabling factor for the IAEA's core mission -- "to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity." Nuclear security is a U.S. priority, but we are also sensitive to other members, priorities on technical cooperation and nuclear applications for development. We will negotiate in good faith to address these priorities.

Safety: A major nuclear accident can have severe consequences regionally and nationally. It is vital that all power plants around the world have strong and effective safety systems in place to prevent such an accident. Small increases in funding for IAEA safety programs can contribute significantly to the support provided to Member States.

The global financial crisis is forcing all of us to make difficult choices on how we spend our money, and the IAEA is no exception. But the IAEA provides unique and critical benefits for all of us at a relatively modest cost. To sustain those benefits, the U.S. encourages Member States to support a significant real increase in the IAEA regular budget.

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